

DRAFT TALKING POINTS

Panel Discussion at meeting of American Cancer Society

California Division Area III

Queen Mary, Long Beach

October 27, 1982
11:15 a.m.

I. GENERAL REMARKS ON 97TH CONGRESS

o FOR THOSE LIKE MYSELF WHO BELIEVE THAT THE FEDERAL GOVERNMENT HAS AN IMPORTANT ROLE TO PLAY IN PROTECTING AND IMPROVING THE NATION'S HEALTH, THIS HAS BEEN A GREATLY FRUSTRATING CONGRESS.

o THE ADMINISTRATION'S INITIATIVES HAVE ALL BEEN DIRECTED AT REDUCING FEDERAL EXPENDITURES IN THE HEALTH AREA.

-- THE OSTENSIBLE REASON FOR THIS IS TO "BALANCE THE BUDGET" AND "CUT THE DEFICIT."

-- IN FACT, THE ADMINISTRATION'S REAL PURPOSE IS TO REDUCE THE FEDERAL GOVERNMENT'S REVENUE BASE AND TO INCREASE MILITARY EXPENDITURES.

-- IT HAS SUCCEEDED AT BOTH OF THESE GOALS, AND THE

RESULT IS A CBO-PROJECTED DEFICIT FOR FY 1983 --
AFTER ALL THE MEDICARE AND MEDICAID CUTS -- OF \$155.
BILLION.

O FOR THOSE OF US WHO DISAGREE WITH THIS RADICAL SHIFT IN
PRIORITIES, THE NAME OF THE GAME HAS BEEN DAMAGE
CONTROL. OUR "VICTORIES" OCCUR WHEN A PROGRAM IS NOT
GUTTED.

-- WE STOPPED THE ADMINISTRATION FROM "CAPPING" THE
MEDICAID PROGRAM AND THEREBY ENDING THIS ENTITLEMENT
FOR THE POOR.

-- WE STOPPED THE ADMINISTRATION FROM DESTROYING ALL OF
THE FEDERAL CATEGORICAL PROGRAMS THROUGH ITS BLOCK
GRANT STRATEGY, PRESERVING PROGRAMS LIKE CHILDHOOD
IMMUNIZATION AND MIGRANT HEALTH CENTERS THAT WOULD
HAVE DISAPPEARED IN A LARGE BLOCK GRANT.

-- WE DEFEATED THE ADMINISTRATION'S BALANCED BUDGET
AMENDMENT, WHICH, AS A PRACTICAL MATTER, WOULD HAVE
DECIMATED OUR HEALTH PROGRAMS.

O HOWEVER, THE ADMINISTRATION SUCCEEDED IN DOING MAJOR
DAMAGE TO HEALTH PROGRAMS.

-- FUNDING FOR ALL DISCRETIONARY HEALTH PROGRAMS,

INCLUDING THE REMAINING CATEGORICAL PROGRAMS AND
THE NEW BLOCK GRANTS, DECLINED BY 14% BETWEEN FY 81
AND FY 83.

-- FUNDING FOR HEALTH RESEARCH INCREASED ONLY 5.3%
BETWEEN FY 81 AND FY 83.

-- FEDERAL MEDICAID FUNDING WAS CUT \$2 BILLION IN FY
82 AND FY 83 ALONE, AT THE SAME TIME THAT MANY
STATES WERE STRUGGLING TO MEET THE DEMAND FOR
SERVICES CAUSED BY THE RECESSION.

-- MEDICARE OUTLAYS WERE CUT BY \$4.6 BILLION IN FY 82
AND FY 83; IN THE NEXT TWO FISCAL YEARS, THE
PROGRAM WILL BE CUT AN ADDITIONAL \$9.3 BILLION.

O HOW WE CAME TO THIS STATE OF AFFAIRS IS A REFLECTION
AS MUCH OF THE LEGISLATIVE PROCESS OF THE 97TH
CONGRESS AS THE REAGAN ADMINISTRATION'S COMMITMENT TO
SLASH SPENDING IN HEALTH AND SOCIAL PROGRAMS.

II. LEGISLATIVE PROCESS

- IN THE PAST, THE AUTHORIZATION AND APPROPRIATION PROCESS DETERMINED WHAT PROGRAMS WERE BEGUN AND HOW MUCH FUNDING WOULD BE AVAILABLE.
 - * AUTHORIZING COMMITTEES CAREFULLY ASSESSED THE NEED FOR PROGRAMS AND MONITORED THEIR EFFECTIVENESS.
 - * APPROPRIATIONS COMMITTEES WEIGHED COMPETING PRIORITIES AND ALLOCATED FUNDS BASED UPON A PROGRAM'S WORTH AND NEED.
 - * THE PROCESS USED TO WORK THAT WAY.
- THE ELECTION OF PRESIDENT REAGAN AND CHANGE IN SENATE LEADERSHIP PROFOUNDLY ALTERED HOW CONGRESS WOULD ALLOCATED FUNDS TO HEALTH PROGRAMS.
- WHEN THE REAGAN ADMINISTRATION ASSUMED OFFICE 21 MONTHS AGO, ITS BASIC OBJECTIVE IN HEALTH WAS SIMPLE AND HARSH: CUT SPENDING AND BENEFITS.

- o INSTEAD OF USING THE TRADITIONAL APPROPRIATION-AUTHORIZATION PROCEDURE, REAGAN STRATEGISTS USED A RELATIVELY NEW PROCEDURE KNOWN AS THE BUDGET-RECONCILIATION PROCESS.

- o LET ME WALK YOU THROUGH THE PROCESS. YOU NEED TO UNDERSTAND THIS PROCEDURE IN ORDER TO PARTICIPATE FULLY IN THE DEVELOPMENT OF HEALTH LEGISLATION.

- * IN JANUARY OR FEBRUARY THE PRESIDENT SUBMITS THE ADMINISTRATION'S BUDGET PROPOSALS TO THE CONGRESS.

- * IN MARCH, THE AUTHORIZING COMMITTEES WITH JURISDICTION OVER PROGRAMS SUBMIT BUDGETARY RECOMMENDATIONS TO THE BUDGET COMMITTEE. (FOR EXAMPLE, MY SUBCOMMITTEE MAKES RECOMMENDATIONS FOR PUBLIC HEALTH PROGRAMS, MEDICAID AND MEDICARE PART B.)

- * THE BUDGET COMMITTEE THEN REVIEWS ALL COMMITTEE RECOMMENDATIONS, AND IN APRIL REPORTS THEIR RECOMMENDATIONS FOR THE FIRST CONCURRENT RESOLUTION ON THE BUDGET. THIS RESOLUTION:
 - SETS OVERALL REVENUE, SPENDING AND DEFICIT

TARGETS, AND

-- PROVIDES SPENDING LEVELS FOR SPECIFIC AREAS
LIKE HEALTH.

* THE CONGRESS DEBATES THIS AND ALTERNATIVE
RESOLUTIONS. LAST JUNE AN ADMINISTRATION-BACKED
BUDGET RESOLUTION FINALLY PASSED.

* THE PROCESS I'VE JUST OUTLINED SOUNDS INNOCENT
ENOUGH. THE BUDGET PROCESS WAS INTENDED TO SIMPLY
SET GOALS AND TARGETS FOR THE AUTHORIZING
COMMITTEES AND WOULD BE SUBJECT TO REVISIONS IN A
SECOND RESOLUTION PASSED IN SEPTEMBER.

-- THE REAGAN ADMINISTRATION HAD DIFFERENT IDEAS
ABOUT HOW THE PROCESS SHOULD WORK.

* LAST YEAR THE ADMINISTRATION SUCCEEDED IN MAKING
THE FIRST BUDGET RESOLUTION BINDING. CEILINGS IN
HEALTH SPENDING WOULD BE ENFORCED THROUGH CUTS IN
HEALTH PROGRAMS.

-- DEBATE ON THE RESOLUTION BECAME THE CRITICAL
HEALTH POLICY ISSUE FOR THE ENTIRE YEAR.

* THE ADMINISTRATION'S TACTICAL SUCCESS IN MAKING THE FIRST BUDGET RESOLUTION BINDING DRAMATICALLY SKEWED OUR DECISION-MAKING.

-- THE RESOLUTION WAS DEBATED IN MULTI-BILLION DOLLAR TERMS THAT FEW COULD COMPREHEND.

-- THERE WAS LITTLE UNDERSTANDING ABOUT THE EFFECT OF THE RESOLUTION ON INDIVIDUALS AND PROGRAMS.

-- FEW MEMBERS OF THE PUBLIC OR CONGRESS WERE AWARE OF THE IMPACT OF PROPOSED BUDGET REDUCTIONS.

-- FEW RECOGNIZED THAT THE BUDGET REDUCTIONS AT THE FEDERAL LEVEL ONLY SHIFTED COSTS TO THE STATES, LOCAL GOVERNMENTS, PUBLIC HOSPITALS OR BENEFICIARIES.

-- TO ILLUSTRATE LET ME REVIEW THE EFFECT OF THE BUDGET PROCESS ON SEVERAL CRITICAL HEALTH AREAS.

III. EFFECT OF SPECIFIC HEALTH CARE CUTS

1) MEDICAID

- * I'VE MENTIONED THE PRESIDENT HAS CUT MEDICAID OUTLAY BY \$13.9 BILLION THROUGH FY'85.
- * RELATED CUTS IN INCOME MAINTENANCE PROGRAMS LIKE AFDC HAVE CAUSED MORE THAN 1 MILLION POOR MOTHERS AND CHILDREN TO LOSE THEIR HEALTH CARE COVERAGE.
 - THE PARADOX OF A MOTHER CHOOSING TO QUIT WORK IN ORDER TO RETAIN A REDUCED LEVEL OF HEALTH BENEFITS FOR HER CHILD IS NOT AN UNCOMMON PHENONUM.
 - INDEED A STRANGE POLICY COMING FROM AN ADMINISTRATION THAT KEEPS TELLING US IT WANTS TO ENCOURAGE AMERICANS ON WELFARE TO GO BACK TO WORK.
- * THE PRESIDENT ALSO PROPOSED TO INCREASE STATE FLEXIBILITY IN ADMINISTERING THE MEDICAID PROGRAM. FLEXIBILITY UNDER REAGANOMICS HAS